

*Congressman is Member of Conference Committee  
Negotiating Final Version of Wall Street Reform Bill*

June 13, 2010

Media Contact: Douglas Rivlin (202) 225-8203

FOR IMMEDIATE RELEASE

**(Chicago, IL)** – As the U.S. House of Representatives and U.S. Senate begin ironing out the differences in their respective Wall Street reform bills, U.S. Representative Luis Gutierrez today announced his support for an amendment authored by U.S. Senator Dick Durbin to help reduce the interchange or “swipe” fees that small businesses pay on every credit and debit card sale. Durbin’s amendment was included in the Senate’s Wall Street reform bill, but was not included in the House-passed bill.

“Higher swipe fees mean higher costs for retailers and consumers,” said Durbin. “Every time you make a purchase with plastic, Visa and MasterCard require the merchant to send a cut of the sale amount to the bank that issued your credit or debit card. American businesses and consumers are getting nickled and dimed by the big banks, who end up making billions from these hidden fees. Swipe fees need to be kept at a reasonable level so working Americans don’t get shortchanged.”

“I will work with Senator Durbin and conferees to make sure the amendment that is finally

adopted brings fairness to our electronic payments system while avoiding unintended consequences for community banks, credit unions, and consumers," Rep. Gutierrez said.

Gutierrez is Chairman of the House Subcommittee on Financial Institutions and Consumer Credit and a member of the conference committee charged with negotiating the final House/Senate compromise Wall Street reform bill. The bill will bring accountability to Wall Street through the strongest consumer financial protections in the nation's history.

Durbin and Gutierrez said the current interchange system is unsustainable for America's business and consumers and profoundly affects America's charities, government agencies, universities and other entities that accept cards as a form of payment. For example, last year the City of Chicago paid \$7.5 million in interchange fees, and the Illinois Tollway paid \$11.6 million in interchange fees. The two lawmakers noted that budget-strapped cities and transit agencies could put their taxpayer dollars to far better use.

"When you use a credit or debit card to contribute to a charity, that charity only receives a portion of what you intended. If you swiped a card to ride the L or take a CTA bus, the CTA had to pay a fee to the banks and card companies. Nearly \$50 billion was collected last year every time a consumer swiped a credit or debit card -- and 80 percent of this money went to just ten large banks," said Durbin. "There is virtually no competition and no recourse for merchants exploited by the rate structure and fees mandated by Visa and MasterCard."

In a normal market, banks would compete with one another to win merchant business by lowering swipe fees to cover only the processing costs. But the credit and debit card markets are not normal markets. Visa and MasterCard unilaterally set swipe fee rates that apply to all banks within their card networks and the credit card giants do not allow banks to compete to reduce rates, nor do they allow banks to negotiate with merchants over rates.

The Durbin interchange amendment would reduce the debit interchange fees imposed on businesses to a "reasonable" level, and would allow businesses to offer more discounts to their customers without threat of penalty from Visa and MasterCard.

###